



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE ADMINISTRATION

(A-475-832)

Certain Corrosion-Resistant Steel Products from Italy: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (“the Department”) determines that certain corrosion-resistant steel products (“corrosion-resistant steel”) from Italy is being, or is likely to be, sold in the United States at less than fair value (“LTFV”), as provided in section 735(a) of the Tariff Act of 1930, as amended (“the Act”). The period of investigation (“POI”) is April 1, 2014, through March 31, 2015. The final dumping margins of sales at LTFV are listed below in the “Final Determination” section of this notice.

EFFECTIVE DATE: (Insert date of publication in the *Federal Register*.)

FOR FURTHER INFORMATION CONTACT: Julia Hancock or Susan Pulongbarit, AD/CVD Operations, Office V, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1394 or (202) 482-4031, respectively.

SUPPLEMENTARY INFORMATION:

Background

On January 4, 2016, the Department published the *Preliminary Determination* of this antidumping duty (“AD”) investigation.¹ The following events occurred since the *Preliminary Determination* was issued.

¹ See *Certain Corrosion-Resistant Steel Products From Italy: Preliminary Affirmative Determination of Sales at*

Between January and April 2016, the Department received supplemental questionnaire responses and revised databases from Acciaieria Arvedi SPA (“Arvedi”) and Marcegaglia SpA (“Marcegaglia”), the mandatory respondents in this investigation.

As explained in the memorandum from the Acting Assistant Secretary for Enforcement and Compliance, the Department has exercised its discretion to toll all administrative deadlines due to the closure of the Federal Government. All deadlines in this segment of the proceeding have been extended by four business days. The revised deadline for the final determination is now May 24, 2016.²

Between April 19, and April 20, 2016, Petitioners³ submitted timely, properly filed case briefs.⁴ Between April 25, and April 28, 2016, Arvedi, and Petitioners submitted timely, properly filed rebuttal briefs.⁵ Additionally, on April 27, 2016, Marcegaglia submitted a timely, properly filed case brief.⁶ Moreover, on May 2, 2016, Marcegaglia submitted a timely, properly filed rebuttal brief.⁷

Less Than Fair Value and Postponement of Final Determination, 81 FR 69 (January 4, 2016) (“*Preliminary Determination*”).

² See Memorandum for the Record, from Ron Lorentzen, Acting Assistant Secretary for Enforcement and Compliance, “Tolling of Administrative Deadlines as a Result of the Government Closure during Snowstorm Jonas,” dated January 27, 2016.

³ United States Steel Corporation, Nucor Corporation, ArcelorMittal USA, AK Steel Corporation, Steel Dynamics, Inc., and California Steel Industries, Inc., (collectively “Petitioners”).

⁴ See Letter to the Secretary of Commerce from Petitioners “Case Brief Submitted on behalf of Petitioners: Brief on Arvedi,” (April 19, 2016) (“Petitioners’ Case Brief on Arvedi”); Letter to the Secretary of Commerce from Petitioners “Case Brief Submitted on Behalf of Petitioners: Brief on Marcegaglia,” (April 20, 2016) (“Petitioners’ Case Brief on Marcegaglia”).

⁵ See Letter to the Secretary of Commerce from Petitioners “Rebuttal Brief on Marcegaglia Submitted on behalf of Petitioners,” (April 28, 2016) (“Petitioners’ Rebuttal Brief on Marcegaglia”); Letter to the Secretary of Commerce from Arvedi “Arvedi’s Rebuttal Brief,” (April 25, 2016) (“Arvedi’s Rebuttal Brief”); Letter to the Secretary of Commerce from Marcegaglia, “Marcegaglia’s Rebuttal Brief,” (April 28, 2016) (“Marcegaglia’s Rebuttal Brief”).

⁶ See Letter to the Secretary of Commerce from Marcegaglia, “Revised Case Brief of Marcegaglia,” (April 27, 2016) (“Marcegaglia’s Revised Case Brief”). We note that this is a refiled and redacted case brief. See Letter to Marcegaglia from Paul Walker, Program Manager, Office V, Re: Corrosion-Resistant Steel Products from Italy: Rejection of New Factual Information, (April 26, 2016); Letter to the Secretary of Commerce from Marcegaglia, “Corrosion-Resistant Steel Products from Italy: Objection to the Department’s Rejection of Marcegaglia’s Case Brief,” (April 27, 2016).

⁷ See Letter to the Secretary of Commerce from Marcegaglia, “Revised Rebuttal Brief of Marcegaglia,” (May 2, 2016) (“Marcegaglia’s Revised Rebuttal Brief”). We note that this is a refiled and redacted rebuttal brief. See Letter to Marcegaglia from Paul Walker, Program Manager, Office V, Re: Corrosion-Resistant Steel Products from Italy: Rejection of New Factual Information in Rebuttal Brief, (April 29, 2016).

Additionally, on May 3, 2016, the Department held a public hearing on this antidumping duty investigation.

Scope of the Investigation

The product covered by this investigation is corrosion-resistant steel from Italy. For a complete description of the scope of this investigation, *see* the “Scope of the Investigation,” in Appendix II of this notice.

Scope Comments

In accordance with the Preliminary Scope Determination,⁸ the Department set aside a period of time for parties to address scope issues in case briefs or other written comments on scope issues.

For a summary of the product coverage comments and rebuttal responses submitted to the record of this final determination, and accompanying discussion and analysis of all comments timely received, *see* the Final Scope Decision Memorandum.⁹ The Final Scope Decision Memorandum is incorporated by, and hereby adopted by, this notice.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties in this investigation are addressed in the Issues and Decision Memorandum accompanying this notice, which is hereby adopted by this notice.¹⁰ A list of the issues raised is attached to this notice as Appendix II. The

⁸ *See* Memorandum to Gary Taverman, Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, “Certain Corrosion-Resistant Steel Products From the People’s Republic of China, India, Italy, the Republic of Korea, and Taiwan: Scope Comments Decision Memorandum for the Preliminary Determinations,” dated December 21, 2015 (“Preliminary Scope Decision Memorandum”). *See also* Memorandum to the File, “Certain Corrosion-Resistant Steel Products From the People’s Republic of China, India, Italy, the Republic of Korea, and Taiwan: Correction to Preliminary Determination Scope Memorandum,” dated January 29, 2016.

⁹ *See* Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, “Scope Comments Decision Memorandum for the Final Determinations,” dated concurrently with this notice.

¹⁰ *See* Memorandum to Paul Piquado, Assistant Secretary for Enforcement and Compliance, from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations “Issues and Decision Memorandum for the Final Determination of the Antidumping Duty Investigation of Certain Corrosion-Resistant Steel Products from Italy” (May 24, 2016) (“Issues and Decision Memorandum”).

Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System ("ACCESS"). ACCESS is available to registered users at <https://access.trade.gov> and it is available to all parties in the Central Records Unit, room B-8024 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/index.html>. The signed and electronic versions of the Issues and Decision Memorandum are identical in content.

Verification

As provided in section 782(i) of the Act, between January and March 2016, the Department verified the sales and cost data reported by Arvedi and Marcegaglia. We used standard verification procedures, including an examination of relevant accounting and production records, and original source documents provided by Arvedi and Marcegaglia.¹¹

¹¹ See Memorandum to the File, through Paul Walker, Program Manager, Office V, from Julia Hancock and Susan Pulongbarit, Senior International Trade Analysts, and Omar Qureshi, International Trade Analyst, "Verification of Home Market Sales of Arvedi in the Antidumping Duty Investigation of Certain Corrosion-Resistant Steel Products from Italy," (March 29, 2016); Memorandum to the File, through Paul Walker, Program Manager, Office V, from Susan Pulongbarit and Julia Hancock, Senior International Trade Analysts, and Omar Qureshi, International Trade Analyst, "Verification of Home Market Sales of Marcegaglia in the Antidumping Duty Investigation of Certain Corrosion-Resistant Steel Products from Italy," (April 8, 2016); Memorandum to the File, through Paul Walker, Program Manager, Office V, from Susan Pulongbarit and Julia Hancock, Senior International Trade Analysts, "Verification of U.S. Sales of Marcegaglia in the Antidumping Duty Investigation of Certain Corrosion-Resistant Steel Products from Italy," (April 7, 2016); Memorandum to the File, through Neal Halper, Director, Office of Accounting, from Christopher Zimpo and James Balog, Accountants, "Verification of the Cost of Production and Constructed Value Data Submitted by Arvedi in the Antidumping Duty Investigation of Certain Corrosion-Resistant Steel Products from Italy" (April 7, 2016); Memorandum to the File, through Neal Halper, Director, Office of Accounting, from James Balog, Accountant, "Verification of the Cost of Production and Constructed Value Data Submitted by Marcegaglia in the Antidumping Duty Investigation of Certain Corrosion-Resistant Steel Products from Italy" (April 12, 2016); Memorandum to the File, through Neal Halper, Director, Office of Accounting, from James Balog, Accountant, "Verification of the Cost of Production and Constructed Value Data Submitted by Marcegaglia in the Antidumping Duty Investigation of Certain Corrosion-Resistant Steel Products from Italy" (April 12, 2016); Memorandum to the File, through Neal Halper, Director, Office of Accounting, from James Balog, Accountant, "Verification of the Further Manufacturing Data Submitted by Marcegaglia in the Antidumping Duty Investigation of Certain Corrosion-Resistant Steel Products from Italy" (April 12, 2016).

Changes Since the Preliminary Determination and Use of Adverse Facts Available

Based on our analysis of the comments received and our findings at verification, we revised the margin for Marcegaglia to reflect the application of facts available with an adverse inference, pursuant to sections 776(a)(2)(A)-(D) and 776(b) of the the Act. Additionally, we made certain changes to the margin calculation for Arvedi and applied partial facts available with an adverse inference to Arvedi for its non-prime sales in the home market and affiliated prime sales in the home market, pursuant to sections 776(a)(2)(A)-(D) and 776(b) of the Act. We have also revised the all-others rate. For a discussion of these changes, *see* the “Margin Calculations” section and Comments 1-11 of the Issues and Decision Memorandum.

All-Others Rate

Section 735(c)(5)(A) of the Act provides that the estimated "all-others" rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero or de minimis margins, and any margins determined entirely under section 776 of the Act. Because Arvedi is the only respondent in this investigation for which the Department calculated a company-specific rate which is not zero, *de minimis* or based entirely on facts available, pursuant to section 735(c)(5)(A) of the Act, we are using the weighted-average dumping margin calculated for Arvedi as the estimated weighted-average dumping margin assigned to all other producers and exporters of the merchandise under consideration.¹²

¹² With two respondents, we would normally calculate (A) a weighted-average of the dumping margins calculated for the mandatory respondents; (B) a simple average of the dumping margins calculated for the mandatory respondents; and (C) a weighted-average of the dumping margins calculated for the mandatory respondents using each company's publicly-ranged values for the merchandise under consideration. We would compare (B) and (C) to (A) and select the rate closest to (A) as the most appropriate rate for all other companies. *See Ball Bearings and Parts Thereof From France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part*, 75 FR 53661, 53663 (September 1, 2010).

Final Determination

The Department determines that the final weighted-average dumping margins are as follows:

Exporter/Producer	Weighted-Average Margin
Acciaieria Arvedi S.p.A.	12.63 percent
Marcegaglia S.p.A.	92.12 percent
All-Others	12.63 percent

Disclosure

We will disclose the calculations performed to interested parties within five days of the public announcement of this final determination in accordance with 19 CFR 351.224(b).

Final Affirmative Determination of Critical Circumstances, in Part

On November 5, 2015, the Department issued its preliminary critical circumstances determination. Pursuant to this determination, the Department determined that critical circumstances did not exist for imports of subject merchandise from Arvedi, Marcegaglia, and “all-others.”¹³ Based on Arvedi’s and Marcegaglia’s final dumping margins, and further analysis following the *Preliminary Determinations of Critical Circumstances*, we are modifying our findings for the final determination and finding critical circumstances exist for Marcegaglia. For a complete discussion of this issue, see the “Affirmative Finding of Critical Circumstances, In Part” section of the Issues and Decision Memorandum.

¹³ See *Antidumping and Countervailing Duty Investigations of Corrosion-Resistant Steel Products from India, Italy, the People’s Republic of China, the Republic of Korea, and Taiwan: Preliminary Determinations of Critical Circumstances*, 80 FR 68504 (November 5, 2015) (“*Preliminary Determinations of Critical Circumstances*”).

Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, the Department will instruct U.S. Customs and Border Protection (“CBP”) to continue to suspend liquidation of all appropriate entries of corrosion-resistant steel from Italy, as described in Appendix I of this notice, which were entered, or withdrawn from warehouse, for consumption on or after January 8, 2016, the date of publication of the *Preliminary Determination* of this investigation in the *Federal Register*. However, because prior to this final determination provisional measures were not in effect for Marcegaglia, the Department reached a negative critical circumstances determination at the *Preliminary Determination*, and has reached an affirmative critical circumstances determination with respect to Marcegaglia for this final determination, pursuant to section 735(c)(4)(C) of the Act, the Department will instruct CBP to suspend liquidation of all entries of corrosion-resistant steel from Italy from Marcegaglia which were entered, or withdrawn from warehouse, for consumption on or after 90-days prior to the date of publication of this final determination in the *Federal Register*, and require a cash deposit for such entries as noted above.

Further, CBP shall require a cash deposit equal to the estimated amount by which the normal value exceeds the U.S. price, as follows: (1) the rate for the mandatory respondents listed above will be the respondent-specific weighted-average dumping margin determined in this final determination; (2) if the exporter is not a firm identified in this investigation, but the producer is, the rate will be the rate established for the producer of the subject merchandise; and (3) the rate for all other producers or exporters will be 12.63 percent. The instructions suspending liquidation will remain in effect until further notice.

Pursuant to section 735(c)(1)(B)(ii) of the Act and 19 CFR 351.210(d), the Department will instruct CBP to require a cash deposit equal to the weighted-average amount by which the

NV exceeds U.S. price as indicated in the chart above,¹⁴ adjusted where appropriate for export subsidies.¹⁵ The Department has determined in its companion countervailing duty investigation of corrosion-resistant steel from Italy that subject merchandise exported by Arvedi and Marcegaglia did not benefit from export subsidies.¹⁶ As a result, the Department will make no adjustment to Arvedi's or Marcegaglia's cash deposit rates. The rate for all other producers or exporters when adjusted for export subsidies is 12.48 percent.

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of the final affirmative determination of sales at LTFV. Because the final determination in this proceeding is affirmative, in accordance with section 735(b)(2) of the Act, the ITC will make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of corrosion-resistant steel from Italy no later than 45 days after our final determination. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all cash deposits will be refunded. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP to assess, upon further instruction by the Department, antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

¹⁴ See *Modification of Regulations Regarding the Practice of Accepting Bonds During the Provisional Measures Period in Antidumping and Countervailing Duty Investigations*, 76 FR 61042 (October 3, 2011).

¹⁵ See section 772(c)(1)(C) of the Act. Unlike in administrative reviews, the Department calculates the adjustment for export subsidies in investigations not in the margin calculation program, but in the cash deposit instructions issued to CBP. See *Notice of Final Determination of Sales at Less Than Fair Value, and Negative Determination of Critical Circumstances: Certain Lined Paper Products from India*, 71 FR 45012 (August 8, 2006), and accompanying Issues and Decision Memorandum at Comment 1.

¹⁶ See *Countervailing Duty Investigation of Certain Corrosion-Resistant Steel Products from Italy: Final Affirmative Determination*, dated concurrently with this notice.

Notification Regarding Administrative Protective Orders (“APO”)

This notice serves as a reminder to parties subject to APO of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely notification of the return or destruction of APO materials, or conversion to judicial protective order, is hereby requested. Failure to comply with the regulations and the terms of an APO is a violation subject to sanction.

This determination and this notice are issued and published pursuant to sections 735(d) and 777(i)(1) of the Act.

Dated: May 24, 2016.

Paul Piquado
Assistant Secretary
for Enforcement and Compliance

Appendix I

Scope of the Investigation

The products covered by this investigation are certain flat-rolled steel products, either clad, plated, or coated with corrosion-resistant metals such as zinc, aluminum, or zinc-, aluminum-, nickel- or iron-based alloys, whether or not corrugated or painted, varnished, laminated, or coated with plastics or other non-metallic substances in addition to the metallic coating. The products covered include coils that have a width of 12.7 mm or greater, regardless of form of coil (*e.g.*, in successively superimposed layers, spirally oscillating, *etc.*). The products covered also include products not in coils (*e.g.*, in straight lengths) of a thickness less than 4.75 mm and a width that is 12.7 mm or greater and that measures at least 10 times the thickness. The products covered also include products not in coils (*e.g.*, in straight lengths) of a thickness of 4.75 mm or more and a width exceeding 150 mm and measuring at least twice the thickness. The products described above may be rectangular, square, circular, or other shape and include products of either rectangular or non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process, *i.e.*, products which have been “worked after rolling” (*e.g.*, products which have been beveled or rounded at the edges). For purposes of the width and thickness requirements referenced above:

- (1) where the nominal and actual measurements vary, a product is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set forth above, and
- (2) where the width and thickness vary for a specific product (*e.g.*, the thickness of certain products with non-rectangular cross-section, the width of certain products with non-rectangular shape, *etc.*), the measurement at its greatest width or thickness applies.

Steel products included in the scope of this investigation are products in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

- 2.50 percent of manganese, or
- 3.30 percent of silicon, or
- 1.50 percent of copper, or
- 1.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 2.00 percent of nickel, or
- 0.30 percent of tungsten (also called wolfram), or
- 0.80 percent of molybdenum, or
- 0.10 percent of niobium (also called columbium), or
- 0.30 percent of vanadium, or

- 0.30 percent of zirconium

Unless specifically excluded, products are included in this scope regardless of levels of boron and titanium.

For example, specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (“IF”)) steels and high strength low alloy (“HSLA”) steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum.

Furthermore, this scope also includes Advanced High Strength Steels (“AHSS”) and Ultra High Strength Steels (“UHSS”), both of which are considered high tensile strength and high elongation steels.

Subject merchandise also includes corrosion-resistant steel that has been further processed in a third country, including but not limited to annealing, tempering, painting, varnishing, trimming, cutting, punching and/or slitting or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the in-scope corrosion resistant steel.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of this investigation unless specifically excluded. The following products are outside of and/or specifically excluded from the scope of this investigation:

- Flat-rolled steel products either plated or coated with tin, lead, chromium, chromium oxides, both tin and lead (“terne plate”), or both chromium and chromium oxides (“tin free steel”), whether or not painted, varnished or coated with plastics or other non-metallic substances in addition to the metallic coating;
- Clad products in straight lengths of 4.7625 mm or more in composite thickness and of a width which exceeds 150 mm and measures at least twice the thickness; and
- Certain clad stainless flat-rolled products, which are three-layered corrosion-resistant flat-rolled steel products less than 4.75 mm in composite thickness that consist of a flat-rolled steel product clad on both sides with stainless steel in a 20%-60%-20% ratio.

The products subject to the investigation are currently classified in the Harmonized Tariff Schedule of the United States (“HTSUS”) under item numbers: 7210.30.0030, 7210.30.0060, 7210.41.0000, 7210.49.0030, 7210.49.0091, 7210.49.0095, 7210.61.0000, 7210.69.0000, 7210.70.6030, 7210.70.6060, 7210.70.6090, 7210.90.6000, 7210.90.9000, 7212.20.0000, 7212.30.1030, 7212.30.1090, 7212.30.3000, 7212.30.5000, 7212.40.1000, 7212.40.5000, 7212.50.0000, and 7212.60.0000.

The products subject to the investigation may also enter under the following HTSUS item numbers: 7210.90.1000, 7215.90.1000, 7215.90.3000, 7215.90.5000, 7217.20.1500, 7217.30.1530, 7217.30.1560, 7217.90.1000, 7217.90.5030, 7217.90.5060, 7217.90.5090, 7225.91.0000, 7225.92.0000, 7225.99.0090, 7226.99.0110, 7226.99.0130, 7226.99.0180, 7228.60.6000, 7228.60.8000, and 7229.90.1000.

The HTSUS subheadings above are provided for convenience and customs purposes only. The written description of the scope of the investigation is dispositive.

Appendix II

List of Topics Discussed in the Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Period of Investigation
- IV. Changes Since The Preliminary Determination
- V. Application of Total Adverse Facts Available With Regard to Marcegaglia
- VI. Selection of AFA Rate and Corroboration
- VII. Affirmative Finding of Critical Circumstances, In Part
- VIII. List of Comments
- IX. Discussion of Comments

Comment 1: Application of Total Adverse Facts Available (“AFA”) to Marcegaglia
A. Misclassified Export Price (“EP”) Sales

Comment 2: Corporate Name Change of Marcegaglia

Comment 3: Application of Adverse Facts Available (“AFA”) to Arvedi’s Non-Prime Sales

Comment 4: Application of AFA to Arvedi’s Packing Revenue

Comment 5: Treatment of Arvedi’s Cost of Manufacturing (“COM”)

- A. Other Operating Costs
- B. Net Extraordinary Charges
- C. Bad Debt Expenses
- D. Offset of Electricity Sales to COM
- E. Adjust Variable Manufacturing Cost Based on Sales Quantities
- F. Disallow Insurance Claim as “Indirect Damages” As An Offset to Fixed Overhead Costs

Comment 6: Programming Errors in Arvedi’s Margin Program

- A. Net U.S. Price Variable
- B. Marine Insurance

Comment 7: Revised U.S. Sales Data for Arvedi

Comment 8: Adjustments to Arvedi’s Cost Data Based on Verification

[FR Doc. 2016-12969 Filed: 6/1/2016 8:45 am; Publication Date: 6/2/2016]